

## **Summary**

World Trade Organization and European Union – the International Trade Aspects of their Relationship

The purpose of this thesis is to provide an overall and comparative insight into the relation of the World Trade Organization and the European Union, both being the most influential entities in scope of international trade. The relationship of these two organizations is complex and needs to be assessed with regard to various circumstances – primarily, there is a questionable relationship between the legal systems of those entities, complicated by the attitude of the European Union towards the law (or agreements) of the World Trade Organization. Secondly, both the European Union and the World Trade Organization represent individual and separate entities acting in the area of international trade and thirdly, the European Union is a Member of the World Trade Organization. All these dimensions play a key role when defining the relationship between those entities.

The thesis commences (first chapter) with the overview of the development of international trade and organizations with the purpose of regulating this area. Second and third chapter deal with basic terms relating to the World Trade Organization and the European Union – their development, instruments, aims and forecasts. World Trade Organization and the European Union (or their predecessors) were both formed in the post-war era, when the main aim for such entities was the restoration of international trade and relations among countries.

The World Trade Organization (or former GATT) is a fully international (and almost worldwide) organization which is focused exclusively on issues connected to international trade (although these issues often overlap to other areas of interest, e.g. protection of environment or food safety) and offers its members a place where they may form their opinion (and thus create the rules of international trade), conclude trade agreements and settle their mutual disputes. The World Trade Organization was established as of January 1, 1995, and has (as to April 2013) 159 members; its activity focuses on the reduction or elimination of trade barriers (tariff and non-tariff) – this shall lead to the trade liberalization. Moreover, the purpose of the system of the World Trade Organization is to help developing countries: either in the preferential access of

those countries to the markets of developed states or special treatment. Instruments developed by the World Trade Organization take form of principles governing the mutual trade relations among its Members – the most-favoured-nation treatment, national treatment, supervision, transparency, etc.

The European Union (former European Communities) was created as a regional partnership of European countries which was primarily aimed at the economic cooperation. However, the European Union evolved in the organization dealing with the variety of policies, which made it rather political than economic entity. Its instruments – single currency, single market and common trade policy – makes the European Union a specific representative of regional organizations promoting the goals of the World Trade Organization.

Fourth chapter provides the description of the relation and comparison of the law of both World Trade Organization and European Union. It deals with the attitude of the European Union towards the Agreements concluded within the World Trade Organization, which is currently negative, rejecting the direct effect of this “law”, the most important case-law of the European Court of Justice (or Court of Justice of the European Union) and possible solutions to current approach of the European Union towards the law of the World Trade Organization.

Fifth chapter deals with the relations between the World Trade Organization and the European Union as two separate entities which both have members, provide rules, enforce them and have a dispute solving mechanism. At this level, it is possible to find a number of different aspects (mainly in scope of the institutions behind the entities and instruments governing the activities of those) as well as similarities (regarding the problems with the legal personality or impacts on Member States or their entrepreneurs). Moreover, it is possible to find aspects (of both World Trade Organization and European Union) which were beyond doubt inspired by the other entity (e.g. the dispute settlement system which was influenced by the former European Court of Justice).

Sixth chapter provides overview of the relations between the World Trade Organization and the European Union as relations between an organization and its Member. European Union, being presumably one of the most important Members of the World Trade Organization (and being a Member of this Organization besides its own Member

States), becomes more and more influential and its position is on the verge between the status of a key member and a leader. This issue makes a part of this chapter together with instruments of European Union within the international trade (e.g. tariffs, quotas, safeguards, GSP and others) which are regulated generally by the World Trade Organization. Moreover, this chapter provides the overview of the most important disputes brought between the Dispute Settlement Body of the World Trade Organization (the so-called Banana War, GMO and Hormones dispute), and area of agriculture – the most significant sphere of interest for a majority of states which is characterized by a number of trade barriers and protectionism. In relation to the World Trade Organization and the European Union, the chapter deals with the Common Agricultural Policy and its influence on the international trade and the (as of this date) unsuccessful Doha Round.

Conclusions are drawn in last chapter of this thesis. The main aim, which I suppose to be accomplished, was to deal with the relations of the World Trade Organization and the European Union within the scope of the international trade. As it is possible to conclude from the comparison of both entities, there is still space for a positive influence. The European Union may be i.a. employed as to promote the aims of the World Trade Organization and international trade and to act as a model Member to other Members of the World Trade Organization.

As to accomplish this goal, it is necessary for the European Union to follow principles and rules for the liberalization of international trade set by the World Trade Organization. The main difficulties lie in the area of agriculture, where the liberalization is rather slow and complicated – tariffs regarding agricultural products are still high (in comparison to other areas of interest) and the whole area of agriculture is firmly protected by all states (by export subsidies or domestic support).

Should the agriculture remain so highly protected, the aim of overall trade liberalization will not be achieved – it is therefore on the will and endeavour of Members of the World Trade Organization to reduce all trade barriers as to eliminate disputes among them, to proceed with negotiations on further cooperation and to accelerate and foster the economic growth and trade facilitation.